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July 3, 2007

REVISED

In February, 2007 the Los Angeles Economic Development Commission released its report entitled “A False Bargain: The Los Angeles County Economic Consequences of Counterfeit Products.” This report, which was commissioned by a quartet of local elected officials including myself, was an attempt to measure the economic damage inflicted on our community by the manufacture and sale of counterfeit goods including CDs and DVDs; clothing; toys; sporting goods; aerospace and motor vehicle parts; pharmaceuticals; and software. The report found that global piracy disproportionately hurts Los Angeles because so much of the music and motion picture industries is headquartered here: in 2005, music and movie companies based in Los Angeles County lost an estimated \$5.2 billion due to the sale of counterfeit CDs and DVDs. The black market for these goods diverted \$2 billion from the legitimate retail sector in Los Angeles. These crimes cost our County about 106,000 jobs and at least \$483 million in state and local tax revenue. In addition, the sale of counterfeit goods on street corners and at swap meets is increasingly controlled by organized criminals and thus has become a “gateway” into criminal activity for young people resulting in violence, drug dealing, and other social ills.

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In order to combat this growing problem, City and County officials have formed the “Los Angeles Anti-Piracy Task Force” including representatives from the Sheriff, the District Attorney and many other state and local agencies. One of the first objectives of the Task Force is to launch a countywide code enforcement program against the manufacture and sale of counterfeit goods. The County can play a role in this effort by examining its nuisance abatement and code enforcement mechanisms as well as its zoning and business license programs; and by determining whether and how these may be utilized to protect against counterfeiting. Several years ago the County created specialized Nuisance Abatement Teams (NATs) to coordinate efforts across departments in order to enforce compliance with county ordinances and improve the quality of life for residents of unincorporated communities. It may be possible to utilize the NAT model in the anti-piracy campaign.

As part of its efforts in this regard, County staff should coordinate with the City of Los Angeles, which is also launching a broad-based effort to stamp out piracy; and should examine the successful program that has been launched by New York City. New York City is combatting motion picture and music piracy by conducting an aggressive nuisance abatement program against landlords and building owners who permit illegal activities on their premises including the manufacture, distribution and sale of pirated CDs and DVDs. The NYPD, along with inspectors from the Departments of Buildings, Fire, and Health and Mental Hygiene conducts top-to-bottom inspections of buildings where pirated DVDs and CDs are distributed, laying the groundwork for enforcement actions against retail and wholesale counterfeiting operations. Since January of this year, New York City has settled against two building owners for over \$300,000 and gained control over the tenancies of their buildings for the next two years.

The County should utilize the tools at its command to combat the piracy problem. In addition, while the County's regulatory structure differs from those of New York City and the City of Los Angeles, we should examine their approaches and determine whether our own structure might be altered to produce even better results.

I, THEREFORE, MOVE that the Chief Executive Officer be directed to convene a Task Force of County departments involved in land use, code enforcement, nuisance abatement and business license activities; including but not limited to the Sheriff, Regional Planning, Public Works, Treasurer-Tax Collector, Health, Fire, District Attorney and County Counsel; for the purpose of examining the County's ability to conduct enforcement activities against the manufacture, distribution and sale of counterfeit goods in Los Angeles County; to consult on this matter with appropriate officials from the Cities of Los Angeles and New York; and to report back with a proposed enforcement program, including any recommended regulatory or statutory changes, within sixty days.

ABK S:\Counterfeit Goods Task Force Amend.